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**A MORE ACTIVE NEUTRALITY: THE NEED FOR A LONG
RANGE U. S. SECURITY STRATEGY IN THE SOUTH CHINA SEA**

by

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The United States has multiple discernable, but often times conflicting, interests in Asia. Focusing on the South China Sea territorial disputes, these conflicting interests become very clear and the importance of a coherent, long-term policy even clearer. First, the U.S. needs to promote peace in the region, ensuring access to commercial shipping upon which its allies in Northeast Asia depend, and affording passage for U.S. military deployments to the region and beyond. Next, the U.S. has strong interests in bolstering the security of its treaty partners in the region, such as the Republic of the Philippines. Finally, the U.S. needs to continue to engage China, to build a positive and productive relationship, and to do what it can to ensure China acts responsibly where its interests overlap those of the U.S. The current U.S. policy of passive neutrality in the South China Sea territorial disputes is doing nothing to protect these interests. By examining the growing territorial conflict between the Philippines and the PRC, this paper identifies the perspectives and interests of the U.S., China, the Philippines and ASEAN, as they relate to current U.S. policy in the region. It then identifies the need for the U.S. to play a more active role in the South China Sea dispute, being ever mindful of the threat increased U.S. activity in the region poses to the Chinese sense of security. Finally, it proposes practical solutions. Undesirable Chinese activity, such as its recent fortification of Mischief Reef, can be effectively constrained by maintaining an active presence in the region, as well as by publicizing undesirable Chinese activity in the court of international opinion. These complementary objectives can be achieved over the long term through small steps such as enhancing transparency through military-to-military exchanges with China, maintaining presence in the region in the form of military exercises, and heightening international awareness of any undesirable activity through transparency regimes supported by commercial satellite imagery.

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Preface

In the absence of an immediate threat, the American approach to security in Asia has vacillated since World War II, and “is frequently at the mercy of special interests and the pulling and hauling of domestic politics between the Executive Branch and the Congress.”¹ Depending on the economic and political mood at home, U.S. interest in the ongoing territorial dispute in the South China Sea has gone from high during the first Mischief Reef episode in 1995 (when the Philippine government first became aware of the Chinese Navy building structures on the reef well within the Filipino 200nm Exclusive Economic Zone) to almost total neglect during Mischief Reef II in 1998 when the Chinese fortified those structures, violating a “code of conduct” made with the Philippines after the 1995 episode.

Meanwhile, U.S. interests in East and Southeast Asia continue to grow and relations with other regional powers demand attention. Regional security strategy revolves around Japan and Korea, with due consideration given to Taiwan. The 10 members of the Association of South East Asian Nations (ASEAN) also play an important role in Asian affairs, both individually and collectively; these also require consideration. As it tries to foster the “fits and starts” relationship with China, the U.S. finds itself in the difficult position of having to balance its approach to the PRC with its growing interests in Southeast Asia and with the concerns of the Korean Peninsula, Japan and Taiwan. The current U.S. regional security policy is sufficiently broad to avoid provoking China, but fails to address pressing issues germane to all each area (Northeast Asia, Southeast Asia and China).

This paper considers the current state of affairs in the South China Sea. The PRC, Taiwan, Vietnam, Malaysia, Brunei and the Philippines all claim at least one of the 30-odd major islands, reefs and rocks in the Spratly Island group that spreads throughout the southern half of the South China Sea. Control of some or all of these once-meaningless rocks now portends access to oil and gas reserves, other ocean resources, and prestige. For more than 25 years there has been verbal and physical conflict where these claims overlap. While the U.S. has no territorial interest in the region, it is determined to keep the South China Sea open to commercial shipping that supports the economies of Northeast Asia and to maintain access for passage of U.S. military deployments to various parts of the world.

This paper addresses the imperative for the U.S. to develop a coherent, long-term regional strategy that goes beyond the current policy of “wait and see.” It focuses on the Philippines: a member of ASEAN, the most recent nation to run afoul of China’s claim to the majority of the South China Sea, and a treaty partner of the U.S. The United States faces the unhappy proposition of balancing its Mutual Defense Treaty obligation to the Philippines against the need to nurture relations with China. The current U.S. policy is to encourage regional actors to find their own solutions; however, smaller nations have been unable to exert themselves in bilateral negotiations with China, which continues to consolidate its territorial claims, to the detriment of long-term U.S. interests.

In order to gain a more complete view of this critical area of the world, and posit some possible solutions to this dispute, this paper reviews the American, Chinese, Filipino and Association of Southeast Asian Nations’ perspective on the conflicting claims. From these divergent viewpoints, it proposes solutions that offend none of the parties to the dispute and seek to stabilize the situation until a more lasting agreement between all claimants can be reached.

Abstract

The United States has multiple discernable, but often times conflicting, interests in Asia. Focusing on the South China Sea territorial disputes, these conflicting interests become very clear and the importance of a coherent, long-term policy even clearer. First, the U.S. needs to promote peace in the region, ensuring access to commercial shipping upon which its allies in Northeast Asia depend, and affording passage for U.S. military deployments to the region and beyond. Next, the U.S. has strong interests in bolstering the security of its treaty partners in the region, such as the Republic of the Philippines. Finally, the U.S. needs to continue to engage China, to build a positive and productive relationship, and to do what it can to ensure China acts responsibly where its interests overlap those of the U.S. The current U.S. policy of passive neutrality in the South China Sea territorial disputes is doing nothing to protect these interests.

By examining the growing territorial conflict between the Philippines and the PRC, this paper identifies the perspectives and interests of the U.S., China, the Philippines and ASEAN, as they relate to current U.S. policy in the region. It then identifies the need for the U.S. to play a more active role in the South China Sea dispute, being ever mindful of the threat increased U.S. activity in the region poses to the Chinese sense of security. Finally, it proposes practical solutions. Undesirable Chinese activity, such as its recent fortification of Mischief Reef, can be effectively constrained by maintaining an active presence in the region, as well as by publicizing undesirable Chinese activity in the court of international opinion. These complementary objectives can be achieved over the long term through small steps such as enhancing

transparency through military-to-military exchanges with China, maintaining presence in the region in the form of military exercises, and heightening international awareness of any undesirable activity through transparency regimes supported by commercial satellite imagery.

Notes

¹ Sheldon W. Simon, “Is there a U.S. Strategy for East Asia?” *Contemporary Southeast Asia* 21, no. 3 (Dec 1999): 325.

Part 1

Introduction: Origins of the Dispute

“The stakes [in the South China Sea] are too high to permit a cycle to emerge in which each incident leads to another with potentially greater crisis and graver consequences. We cannot simply sit on the sidelines and watch.”

— US Secretary Madeleine Albright at the June 1999 ASEAN Ministerial Meeting¹

The South China Sea is surrounded by China to the north, Vietnam and Malaysia to the west, Indonesia, Malaysia and Brunei to the south and the Philippines and Taiwan to the east. It contains two major island groups: the Paracels in the north, occupied exclusively by China after it removed Vietnam in 1974; and the Spratlys in the south. The largest landmass in the Spratly Islands (Itu Aba island, occupied by Taiwan) measures about .5 square miles. All other geographic features are islets, reefs, cays, shoals and rocks, most of them submerged at high tide. None of the Spratly islands has an indigenous population.² Those that are populated are variously occupied by the forces of the People’s Republic of China (PRC or China), the Republic of China (Taiwan), Vietnam, Malaysia, and the Philippines. All five countries, along with Brunei, claim some or all of these disparate outcroppings which, heretofore, were merely hazards to navigation. The South China Sea and its islets have been the source of conflict since the Chinese forcibly ejected Vietnamese troops from the Paracels in 1974; ominously, conflict in the South China Sea is growing more, not less, frequent.³

South China Sea Islands



Figure 1 South China Sea

Both strategically and economically important, the South China Sea holds great interest for the six nations mentioned above, as well as the United States, Japan and Korea. Through it passes some 70% of Japan's oil and 15% of the world's cross-border trade.⁴ It also provides U.S. forces in the Pacific rapid access to the Indian Ocean and the Persian Gulf. Yet the sea lanes in the region are threatened by the growing frequency of conflict between China, Vietnam, Malaysia and the Philippines. Today, China poses the greatest threat to the status quo as it is actively expanding by occupying territory on the perimeter of its claims in the Spratlys (see maps, pages 2 and 4). Meanwhile, individual Southeast Asian nations are powerless to oppose China, and their collective security mechanism (the ASEAN Regional Forum [ARF]) produces little more than words. The United States, frequently occupied with more immediate security threats in other areas of the world, needs to address three distinct and often conflicting interests in the region: 1) protecting access to this very strategic waterway for itself and for its regional allies, 2) living up to its treaty obligations with regional nations, and 3) building positive relations with the PRC.

As Secretary Albright alludes to above, U.S. policy in the region has been to "wait and see," avoiding direct intervention and encouraging individual nations and the ARF to find solutions. The last formal declaration of U.S. policy on the South China Sea territorial disputes states that the U.S. is "concerned", that it "strongly opposes the use or threat of use of force" and urges all claimants "to exercise restraint and to avoid destabilizing actions." It further states that "maintaining freedom of navigation is a fundamental interest of the United States" and that "the United States takes no position on the legal merits of the competing claims to sovereignty over the various islands, reefs, atolls and cays in the South China Sea."⁵ This approach has been dubbed "passive neutrality" because of its designed ambiguity. Dr. Carlyle Thayer, from the

can do to oppose Chinese expansion.⁸ Since all claimants are signatories to the United Nations Commission on the Law of the Sea (UNCLOS), the United States could conceivably intervene and referee the application of the UNCLOS to the South China Sea. South China Sea sovereignty issues expert Dr Mark Valencia, states that “some Southeast Asian states have asked the United States to mediate the disputes in an effort to avoid being bullied by China.”⁹ However, this would prove politically untenable, since the U.S. is particularly cautious about presenting a threat to China, and is equally reluctant to violate the ASEAN policy of “non-intervention in the affairs of other states.” And so the issue drags on without a solution, while the potential for conflict increases.

Notes

¹ Madeleine K. Albright “Intervention at Sixth ASEAN Regional Forum Singapore,” (July 26, 1999), Office of the Spokesman U.S. Department of State, n.p., on-line, Internet, 7 Jan 00, available from <http://secretary.state.gov/www/statements/1999/990726.html>

² Ralph A. Cossa, “Strategic Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict,” A-5, on-line, Internet, 7 Jan 00, available from <http://webu6102.ntx.net/pacfor/opSChinaSea.pdf>, and John C. Baker, “Sat-images could be Spratly’s salvation,” *Jane’s Intelligence Review* (February 99): 51.

³ The most recent episode took place on 5 Feb 00, when “a Philippine Navy patrol ship drove away two Chinese fishing boats by firing three warning shots near a shoal in the South China Sea claimed by both the Philippines and China.” See Sol Jose Vanzi, “RP Navy Fires Warning Shots near Chinese Boats,” *Philippine Headline News Online*, 11 Feb 00, n.p., on-line, Internet, 18 Feb 00, available from <http://www.newsflash.org/2000/02/hl/hl011865.htm>.

⁴ Kim Shee Poon, “The South China Sea in China’s Strategic Thinking,” *Contemporary Southeast Asia* 19, no. 4 (March 1998): 380; and Baker, 50.

⁵ For full text of the Statement by the Acting Spokesman, U.S. Department of State, 10 May, 1995, see Cossa, Appendix G.

⁶ Carlyle A. Thayer, “China Consolidates Long-Term Regional Relations,” *Pacific Forum CSIS: Comparative Connections*, n.p., on-line, Internet, 10 Feb 00, available from http://www.csis.org/pacfor/cc/994Qchina_asean.html.

⁷ Carlyle A. Thayer, “ASEAN disunity effects regional security,” *Asia-Pacific Defence Reporter: 1999 Annual Reference Edition*, 12.

⁸ Robyn Lim, “The ASEAN Regional Forum: Building on Sand,” *Contemporary Southeast Asia* 20, no. 2 (August 1998): 116.

⁹ Valencia, 28.

Part 2

The United States, China, and the Philippines

American presence in the Philippines has been a controversial issue among Filipinos, especially since the end of World War II. U.S. military bases and deployed forces have served as a deterrent to any would-be aggressors, and have allowed Filipino fiscal attention to focus on developing the economy while committing little toward providing for its own defense.¹ Yet it also has provided a constant reminder of the Philippines' long history as the victim of colonialism. When threatened by external aggression (during World War II when Japan attacked and occupied the Philippines, and during the early 80's when Soviet presence in the region increased), government interest in removing U.S. bases subsided. However, peaceful overtures from Moscow, beginning in the late 1980's, came at the same time the Military Bases Agreement was due for renegotiation. Eager to be rid of the obvious vestiges of "American Imperialism," and with no apparent external threat, Filipinos voted not to extend the Military Bases Agreement, and by 1992 U.S. Forces had lost a very important forward presence in the southwest Pacific.²

In January through March of 1988, the People's Liberation Army Navy (PLAN) demonstrated a previously unassessed force projection capability when it occupied six reefs in the Spratlys, then attacked Vietnamese supply ships bound for Fiery Cross Reef, which was occupied by Vietnam at the time. China claimed the reef for itself, and established a foothold in the Spratlys.³ However, the significance of this action was muted by other events of the day—

the Soviet problems in Afghanistan leading to its withdrawal, and U.S. base negotiations in the Philippines.⁴ The decreasing Soviet threat in the late 80's (both from China's northern borders and from Soviet bases in Vietnam), and the departure of U.S. forces from the Philippines in 1992 allowed China to reassert its historic claims to what it considers sovereign territory in the South China Sea.⁵

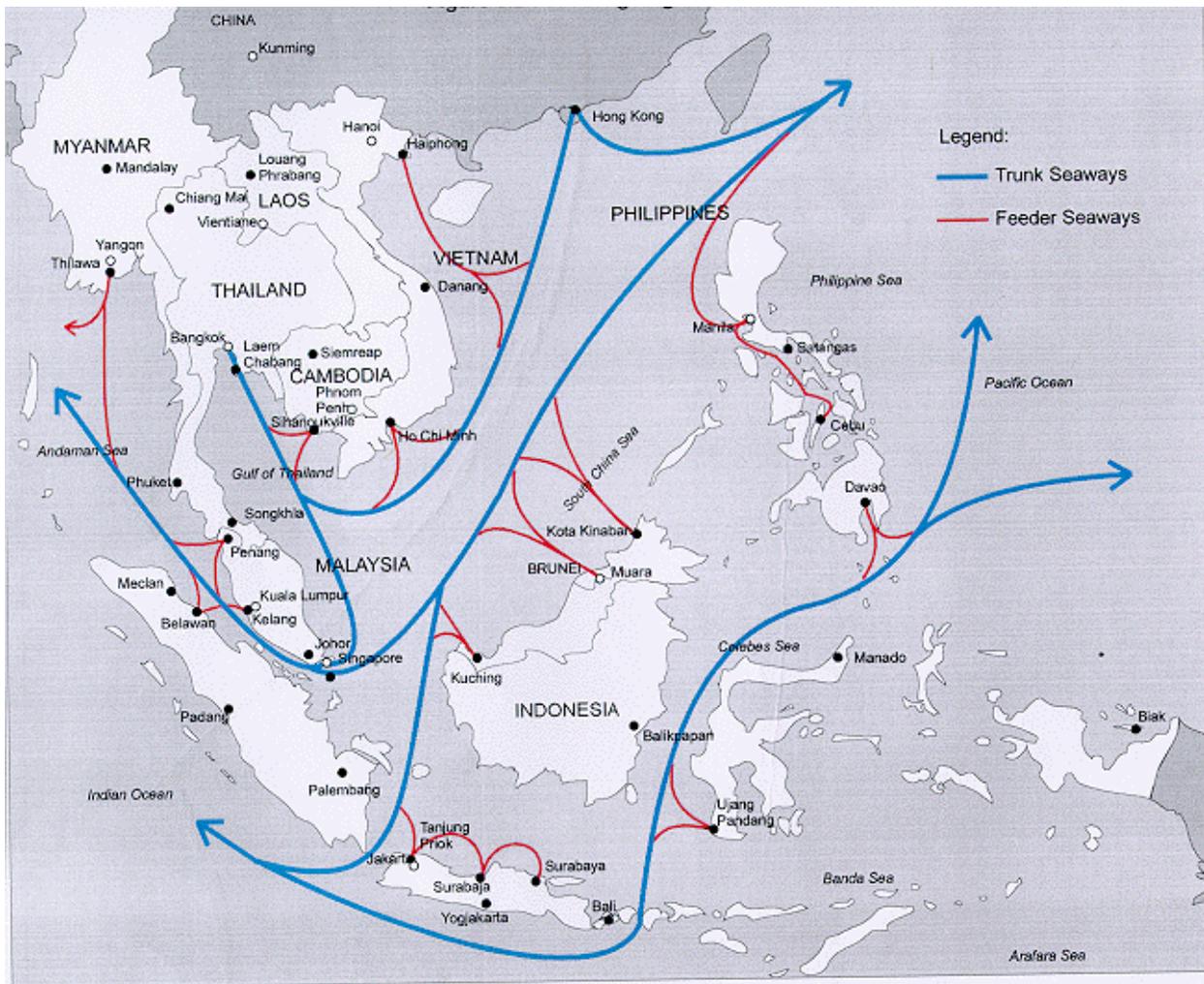


Figure 3 Sea Lines of Communication

Chinese expansive activity in the region continued with little notice until late January 1995, when the Philippine Navy discovered that the Chinese had built a “fishing shack” on Mischief Reef—an otherwise meaningless physical feature in the Spratly Island group that happens to be

well within the Philippines' 200 mile Exclusive Economic Zone (EEZ).⁶ Since then, relations between the two have been strained—China signs agreements on conduct and frequently violates them,⁷ conflict fluctuates between verbal and physical, and when world attention was focused on the Asian Economic Crisis in 1998, China reinforced its structures on the reef. The Philippines claimed this action violated the 1992 ASEAN Declaration on the South China Sea, the 1995 PRC-Philippines “Code of Conduct,” and the UNCLOS, to which China is a signatory.⁸ Worse still, this same scenario has played out elsewhere in the South China Sea, between other nations, as conflicting claims over the many islets, reefs and rocks often lead to violence. The problem that Secretary Albright addressed earlier deals not only with China—it revolves around the United States' treaty obligation to come to the aid of the Philippines in case of an “armed attack on the metropolitan territory. . . island territories. . . or on [Filipino] armed forces, public vessels or aircraft in the Pacific.”⁹ While the U.S. does not consider the disputed territories in the South China Sea as specifically addressed in the Mutual Defense Treaty, the “armed forces, public vessels or aircraft” have also come under the threat of PLAN force.¹⁰

Concurrently, the United States endeavors to improve and expand relations with China, the major power in the Asia-Pacific region. Relations are improving with the successful conclusion of negotiations that pave the way for China's entry into the World Trade Organization, and the resumption of port visits by U.S. forces. China has long maintained an interest in the South China Sea; Chinese diplomats, while assuring other claimants of peaceful, cooperative intentions, never fail to remind all that China claims sovereignty over about 80% of the area.¹¹ The U.S. faces a difficult decision: supporting treaty obligations to the Philippines will alienate China; acknowledging Chinese claims will alienate the Philippines and the other five regional nations holding written or verbal assurances of defense support.¹² The official State Department

position is to remain neutral in the sovereignty debate, but it is a passive neutrality that is doing nothing to prevent future conflict.

The Philippines and China aren't the only two interested in the area; the other four—Vietnam, Malaysia, Brunei and Taiwan—have also laid conflicting claims to (and except for Brunei, fought for) these scattered features. Why the interest? There are postulated oil and gas reserves, but these have so far have been expensive to extract, with modest results. For China, its claims in the South China Sea are also a matter of prestige and national security. Domestic politics plays a role as well—“the Chinese people always consider sovereignty and territorial integrity more important than their own life; no Chinese leader nor any generation of Chinese leadership will give away any part of the Chinese territory.”¹³ For the Philippines and others it's both a matter of resources and national security. All recognize China's growing strength and are not eager to have Chinese outposts in their territorial waters—Mischief Reef is 135 miles from the Philippine island of Palawan.¹⁴

The U.S. also has varied interests in the area. American oil companies participate in oil exploration joint ventures with several claimants. Regional allies Japan and Korea rely on commercial shipping that travels through these waters. U.S. Navy ships deploy to world hotspots through the South China Sea. And, as mentioned above, the U.S. has treaty obligations to regional nations and is cultivating relations with China as well.

As oil and other resource development potential grows, and as Chinese actions grow more assertive, the potential for conflict in the South China Sea increases.¹⁵ U.S. policy in the region has so far been “hands off”; direct involvement in settling disputes would alienate many in the region for the same reasons U.S. military presence in the Philippines was distasteful in the late 1980's and early 1990's. Yet, standing by and watching a situation desperate for third party

intervention could result in consequences less desirable than intervention itself. The U.S. must develop another approach to escalating conflict in the South China Sea in order to protect its interests.

Notes

¹ Ian Storey, “Manila looks to USA for help over Spratlys,” *Jane’s Intelligence Review*, 11 Aug 99, n.p., on-line, Internet, 13 Jan 00, available from <http://www.freerepublic.com/forum/a37b1f1b938b8.htm>. The Filipino military is in a sorry state today for this very reason, with a Navy made up of World War II vintage frigates and smaller coastal patrol craft that are considered barely sea-worthy. At one point, the tactical air force consisted of only five airworthy second generation F-5 fighters. It has since grown with the addition of 15 more second-hand F-5s, but many of these are being used for parts.

² For a summary of the base closure debate, see Department of Foreign Affairs, Republic of the Philippines, *Primer, Agreement between the Government of the Republic of the Philippines and the Government of the United States of America Regarding the Treatment of United States Armed Forces Visiting the Philippines: The Philippines and United States Defense and Security Relations*, n.p., on-line, Internet, 30 Oct 99, available from <http://www.dfa.gov.ph/vfa/frame/frmpri.htm>.

³ Murray Hiebert, “No, not another war!” *Far Eastern Economic Review* 140, no. 18 (5 May 88): 24.

⁴ Jerry Cushing, “The dragon’s long reach,” *Far Eastern Economic Review* 140, no. 18 (5 May 88): 23, and Valencia, 8. China was politically astute enough to remove the Vietnamese from only one feature—Fiery Cross Reef—speaking words of peace afterwards, defusing the situation. It follows the same pattern even today.

⁵ 1980’s literature on threats to security in Southeast Asia and the South China Sea sounds quite contemporary if one simply substitutes “China” for “the Soviet Union”, see Gregor, A James Gregor and Virgilio Aganon, *The Philippine Bases: U.S. Security at Risk* (Lanham, MD: University Press of America, 1987), 8-13; also Marian Leighton and Leif R. Rosenberger, “The Soviet Union: Meshing Strategic and Revolutionary Objectives in Asia” in *Asian-Pacific Security: Emerging Challenges and Responses* ed. Young Whan Kihl and Lawrence E. Grinter (Boulder: Lynne Rienner Publishers, 1986), 54-55.

⁶ Sheldon W. Simon, “The Parallel Tracks of Asian Multilateralism” in *Southeast Asian Security in the New Millennium*, ed. Richard J. Ellings and Sheldon W. Simon (London: M.E. Sharpe, 1996), 24.

⁷ Some examples are the “Five Principles of Peaceful Coexistence” (“Territorial disputes among regional states should be settled peacefully without use of force”); the UNCLOS, which also rules out the use of force; and, in 1995, the PRC/Philippines “code of conduct,” vowing to resolve the dispute peacefully (Valencia, 15, 24). The agreements were violated in 1998 when China reinforced the structures on Mischief Reef and again in 1999 when it threatened the use of force by training fire-control systems on Philippine Navy ships near Second Thomas Shoal in the northeast corner of the Spratlys; see “Manila looks to USA for help over Spratlys.”

⁸ Mark Valencia, “Tiny Reef a Litmus Test for Chinese Intentions,” *The Honolulu Advertiser*, 7 Feb 99, B-1

Notes

⁹ Department of State, *Mutual Defense Treaty between the Republic of the Philippines and the United States of America* (Washington D.C.: Office of the Secretary of State) 30 Aug 1951, Article V.

¹⁰ May 1999 saw an unusual amount of activity near Scarborough Reef; the timing coincided with the Philippine Senate's vote on the VFA later that month. Ultimately, a Chinese fishing boat "collided" with a Philippine naval vessel and sank. The Chinese claim their boat was rammed by the Filipino ship. See "Regional Briefing" *Far Eastern Economic Review Interactive Edition*, 29 Jul 99, n.p., 6 Mar 00, on-line, Internet, http://203.105.48.72/9907_29/p14rbrief.html, and "RP Navy fires warning shots near Chinese Boats."

¹¹ Kent E. Calder, *Asia's Deadly Triangle: How Arms, Energy and Growth Threaten to Destabilize Asia Pacific* (London, Nicholas Brealey Publishing, 1996), 42.

¹² The White House, *A National Security Strategy for a New Century: December 1999*, 34, and VFA Primer, under "The Strategic Role of the Philippine-U.S. Defense Relationship". The U.S. has Mutual Defense Agreements with Australia, the Philippines and Thailand, and other arrangements with Singapore, Malaysia and Brunei.

¹³ "China Is Not a Threat," *Beijing Review* 42, no. 51 (20 Dec 99): 5.

¹⁴ As measured on a 1:2,000,000 Perry-Castaneda map.

¹⁵ If large amounts of oil or gas were to be discovered, this would have tremendous potential for conflict as all claimants would seek to formalize their position in the area. See Cossa, 7-11.

Part 3

China's Southern Sea

Of all six claimants to the many features of the South China Sea, China has been active in the region the longest. “Historically, China perceived the South China Sea as part of its ‘southern’ China Sea, and it was therefore no historical accident that the South China Sea was named Nan Hai (South Sea). Chinese historical records show that the Chinese were in the South China Sea more than two thousand years ago.”¹ Most of the larger features in the South China Sea have Chinese names traceable through 2000 years of history. Chinese presence in the region was never greater than during the Ming dynasty (1368-1644) when Emperor Yongle sent eunuch-general Zheng He on seven voyages throughout South Asia and the Middle East, demonstrating Chinese sovereignty. Since then the decline of Chinese maritime power has been coincident with increasing pressure from the west, until the final collapse of the Chinese Navy during the Sino-French War of 1884-1885.² Outsiders should be cautious of underestimating the importance of the region to the Chinese, since, as one scholar notes, “for almost two thousand years, the South China Sea served as the main corridor for Chinese trade, and China’s decline began when it lost control of that sea.”³ Chinese high school students are still taught that Chinese territory includes most of the South China Sea, extending almost to the shores of Malaysia and the Philippines.⁴

The Age of Imperialism saw the beginning of foreign claims on Chinese territory; first the French took possession of islands in the Paracel group, with Japan following suit in both the Paracels and Spratlys.⁵ Since the beginning of the decline of Chinese naval power in the Ming, China has only been able to contest these claims with words and has seen the South China Sea slip from its control. By the time of the founding of the People's Republic in 1949, China's attention was nearly completely inward, concentrating on solidifying control and tending to land borders. In the Chinese view, "its adversaries took advantage of China's internal turmoil, weakness and encirclement by the superpowers and slowly nibbled away at China's territory."⁶ The Chinese military's ability to resist was limited and strictly confined to coastal patrol and defending against attack from Taiwan, and has remained so until only the last ten years or so.

With Japan's defeat and evacuation from the islands of the South Pacific and South China Sea at the end of World War II, the Chinese Nationalist government, recently moved to Taiwan, was quick to claim all of the South China Sea and then occupy nearby Pratas Island and Itu Aba in the Spratlys. The French ceded Japanese-occupied territory to Vietnam in the 1950's, and Vietnam now claims all of the Paracels and Spratlys. Newly independent Indonesia and Malaysia also joined in by claiming nearby islets in the Spratlys. Latecomers to the fray were the Philippines and Brunei, the former staking its first official claim in 1971 and the latter in 1993.⁷ Of all six, Brunei claims the least (a narrow strip the width of the country and 200 nm offshore containing one feature called Louisa Reef) and has managed to avoid direct conflict.⁸ The Philippines, on the other hand, has clashed with not only China, but Vietnam, Malaysia and Taiwan over sovereignty issues. The situation is exacerbated by vague wording in the UNCLOS that makes it possible for multiple claimants to have equally valid claims based on the definitions

of an “island,” “territorial waters,” “Exclusive Economic Zones,” “Continental Shelves”, and the like.⁹

The People’s Republic of China, however, has consistently claimed both the Paracels and Spratlys since its establishment in 1949 (the first declaration pronounced by Zhou Enlai in 1951). Viewed from Beijing, the South China Sea is an internal lake and China increasingly frowns on any activities that encroach on its sovereignty there. In its early years, the PRC was busy consolidating power, preparing to defend against the threat of attack by the Nationalist Chinese on Taiwan and border incursion by the USSR. It was further prevented from looking outward by U.S. “containment” policy. Domestic disasters like the Great Leap Forward and the Great Proletarian Cultural Revolution ensured the PRC would be unable to project its will beyond its borders for some time. However, with internal recovery and the beginning of warming relations with the U.S. in the early 70’s, China could afford to reassert itself against Vietnam in the Paracel islands to shore up its southern flank and possibly exploit postulated oil deposits. January 1974 saw the first of China’s island occupations, forcibly evicting the South Vietnamese from the islands it occupied in the Paracel Islands group.¹⁰ Chinese interest in the South China Sea has grown apace with increasing force-projection capability and by 1988, China was able to conduct long-range naval operations into the Spratly Islands, 650 miles to the south of Hainan island. The clash between Chinese and Vietnamese forces at Fiery Cross Reef was the most deadly so far with the loss of 77 Vietnamese dead and missing.¹¹

Following the death of Mao Zedong in 1976, Deng Xiaoping moved toward less antagonistic development, eventually drawing down the size of the People’s Liberation Army (PLA) in favor of promoting economic growth. Deng believed conflict with the West would only encourage further “containment” and would not serve the Chinese objective of “standing

up” and reasserting itself as a world power. Rather than antagonize its neighbors and the U.S., its interests would be better served by toning down revolutionary rhetoric, developing the economy and promoting peace. In time, economic strength would translate into military and political power. China has historically been very adept at using time as a strategic asset, setting and following long-range policies, outwaiting its opponents.¹² As long as its interests in the South China Sea were not directly challenged, Beijing could afford to let the issue wait until it was in a better position to assert itself. It wasn’t until the mid-1990’s that the combination of decreasing U.S. presence and increasing threats to its claims in the region encouraged Beijing to test the waters. New Zealand Professor You Ji maintains that China’s occupation of Mischief Reef in 1995 was strategically sound from the Chinese perspective: “The most urgent need for China to have a foothold [in the southern Spratlys] stemmed from its concern that, without a presence, it would either be excluded from, or marginalized among the resolution parties. In a sense the Mischief Reef move was similar to tactics in the chess game Play Go: laying a piece in the area to be contested later.”¹³ While “Mischief Reef I” (Feb 1995) appeared hostile from Manila’s vantage point, to Beijing it was a sound political play.

Perhaps in response to the increasing “China threat” rhetoric among its neighbors, China in 1998 published its first defense White Paper titled “China’s National Defense.” In it, the words “peace” and “peaceful” appear no less than 67 times. It emphasizes that “relevant disputes should be properly solved through peaceful negotiation and consultation, in accordance with commonly accepted international laws and modern maritime laws, including the basic principles and legal systems as prescribed in the United Nations Convention on the Law of the Sea”.¹⁴ Yet, in October 1998, it fortified its position on Mischief Reef (“Mischief Reef II”), much to the dismay of the Philippines. This “talk and take” approach to diplomacy has earned Chinese

policy in the South China Sea the brand of “creeping invasion” and “leaking status quo.”¹⁵ Particularly sensitive to this disconnect of words and deeds, the Philippines repeatedly raises the issue of a comprehensive South China Sea Code of Conduct in the various regional fora, but China’s active participation in these confidence-building gatherings ensures that any proposals contrary to Chinese interests die quickly.

Chinese interest in the South China Sea goes far beyond petroleum and other resources. Recent estimates of oil and gas deposits in the region sparked others’ curiosity and the Philippines, Malaysia and Vietnam began to claim with increased vigor their exclusive right to the ocean, the sea-bed and the resources therein. These claims encroach on China’s interpretation of its “sovereign territory” and each new claim further threatens Chinese sovereignty. Without the military capability to oppose these (especially if the U.S. threatens to intervene), the leadership finds itself caught between maintaining legitimacy at home and living up to its words of peace in Southeast Asia. It is not surprising that China has consistently sought to improve its force projection capability through the acquisition (or attempted acquisition) of aircraft carriers, attack submarines, long-range air superiority fighters, AWACS and air refueling capability; lacking these, China has no credible deterrent to protect its interests. Media coverage of Mischief Reef I speculated on the possibility of continued Chinese expansion in the region, but discounted it because it lacked the above capabilities.¹⁶ By the time of Mischief Reef II, China had acquired or had attempted to acquire all of these technologies. If one looks past Chinese words, the picture painted by Beijing’s actions is quite clear. It considers the South China Sea as part of China and will not give away Chinese territory. The fallout from such a precedent would have grave consequences for its effort to reassimilate Taiwan.

Although sovereignty issues weigh heavily on Chinese interest in the area (especially as they affect domestic politics), strategic and economic considerations are also relevant. China does not consider itself an East Asian nation only; it has a long history of active involvement in Southeast Asia and the South China Sea as well. In terms of national defense, control of this strategic area translates to securing China's southern approach. If it can control access to the South China Sea, potential adversaries would face the daunting proposition of attacking overland, or from the well-defended east. Allowing another maritime power uncontested access to the South China Sea pains the Chinese psyche as much as Soviet naval activity in the Gulf of Mexico hurt the U.S. in the 1960's, especially now as China's political, economic and military power are on the upswing.

If China is to continue to rebuild its military from a low-tech peasant army into a modern force; it needs peaceful relations with its neighbors and with the West to facilitate trade and to allow it to focus on economic development without excessive defense expenditure. Taking a lesson from the Cold War, China understands that military power is an extension of economic power. A booming economy allows investment in a powerful, high-tech military. Lessons from the Gulf War and from Kosovo are not lost on Beijing either; the trend of the PLA is away from Mao's "People's War" and toward more costly technology-based weapons to counter Western powers and the threat posed by Taiwan.¹⁷ To allow it to make the transition, China needs a peaceful environment. In the meantime, it can also benefit greatly by the economic potential of the South China Sea.

Despite the disappointing performance so far, there is the possibility of significant oil and gas reserves in the South China Sea. Whereas China once exported oil produced from the highly touted Da Qing oil fields, it now finds demand for petroleum increasing and current production capability decreasing.¹⁸ This situation is further aggravated by the desire to rapidly expand its

production of consumer goods, both for export and for domestic consumption. As its economy grows, so will the living standards of its people; plans are underway to mass-produce a “People’s Car” to replace the ubiquitous bicycle.¹⁹ Industrial and consumer demand for petroleum products will make oil and gas deposits in the South China Sea even more desirable, further increasing China’s interest in maintaining its claims. Already, the “PLA argues that while China is unable to exploit its oil in the South China Sea, militarily weaker states are taking advantage of China’s tolerance and restraint by quietly plundering China’s oil.”²⁰ China makes clear that the Philippines, Malaysia and Vietnam are stealing its oil and gas. Diplomacy is one way to solve this problem; Malaysia is apparently working out a bilateral agreement with Beijing over contested territory, to the detriment of Vietnamese and Filipino claims.²¹ If diplomacy fails, another solution is the threat or use of force.

By occupying Mischief Reef, China has reminded everyone of its historical claim to most of the South China Sea. It has established a foothold from which to negotiate from a position of strength, since the longer it occupies the reef, the stronger its claim to sovereignty (as happened in the Paracels). And it has tested the resolve of the Philippines (militarily the weakest country in the region), ASEAN and the United States to resist further Chinese expansion in the region. “China’s inch-by-inch approach has worked because each encroaching step is so small while the costs of calling China’s bluff are potentially very high.”²²

Notes

¹ Kim, 369. The Chinese name for the South China Sea translates as “South Sea”; most major features have Chinese names that predate their Western titles. For instance, the Chinese name for the Spratlys is “Nansha”, meaning “Southern sands (islands).”

² A. James Gregor, *In the Shadow of Giants* (Stanford, CA: Hoover Institute Press, 1989), 89.

³ Ibid, 87.

⁴ Kim, 369.

⁵ Gregor, 90.

Notes

⁶ Kim, 379.

⁷ Gregor, 91. For a concise summary of claims and claimants, see Cossa, Appendix B.

⁸ Taken from a map in Valencia, 4.

⁹ Ian Townsend-Gault, "Preventive Diplomacy and Pro-Activity in the South China Sea," *Contemporary Southeast Asia* 20, no. 2 (August 1998): 175. See also Xavier Furtado, "International Law and the Dispute over the Spratly Islands: Whither UNCLOS?" *Contemporary Southeast Asia* 21, no. 3 (December 1999): 388.

¹⁰ Cushing, 23.

¹¹ Valencia, 13. Like nearly every other aspect of the Spratly conflict, exact numbers of Vietnamese casualties are uncertain, ranging from 70 to 77.

¹² Lim, 124.

¹³ Quoted in Cossa, "Security Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict," Mar 98, 8.

¹⁴ Information Office of the State Council of the People's Republic of China. *China's National Defense July, 1998*, "China's National Defense" Section 1, on-line, Internet, 30 Oct 99, available from <http://www.chinanews.org/WhitePapers/NationalDefense/NationalDefense.html>.

¹⁵ Mark J. Valencia, "Mischief at the Reef," *Far Eastern Economic Review* (20 May 99): 31.

¹⁶ Joseph S. Nye, "Growth and Role of the Chinese Military", Testimony to the Committee on Foreign Relations, Subcommittee on East Asian and Pacific Affairs, U.S. Senate, 11 Oct 95, n.p., on-line, Internet, 9 Nov 99, available from <http://www.gwjapan.com/ftp/pub/policy/congress/senate/ap101195.txt>.

¹⁷ *China's National Defense*, "National Defense Construction- Defense System"

¹⁸ Calder, 52.

¹⁹ Calder, 50-51.

²⁰ Valencia, 16.

²¹ Mark J. Valencia, U.S. Weighs in on South China Sea Disputes, (unpublished manuscript provided by the author).

²² Valencia, 19.

Part 4

The Philippines and the Perceived Importance of Mischief Reef

The Philippines has been fighting for real independence for centuries. With the demise of the last remnants of Western Imperialism in the form of U.S. military bases on its soil, and with the exodus of U.S. military personnel, it finds itself facing yet another threat to its independence as Chinese expansion promises the return of unwanted foreign influence. Attempts to modernize the Filipino military have foundered due to domestic political inertia and, more recently, the Asian Economic Crisis. In order to offset what Manila considers a direct threat to its sovereignty, it has resumed formal military cooperation with the U.S. with the successful conclusion of the Visiting Forces Agreement, which also reiterates the provisions of the Mutual Defense Treaty of 1951.

Philippine interest in an active U.S. presence has varied over time, while U.S. interest in the strategic position of the Philippines has remained constant. Following World War II, the absence of a direct threat to the Philippines and the lack of formal compensation for land use eventually resulted in both sides renegotiating the Military Bases Agreement in 1966, reducing the length of the lease from 99 to 25 years.¹ Filipinos not only disliked the negative aspects U.S. forces stationed in their country (“extraterritorial rights”, economic dependence, crime) but U.S. presence also made the Philippines a potential target for Soviet missiles during the Cold War.

With the conclusion of U.S. military activity in Southeast Asia, however, a more immediate threat developed as the Soviet Union established bases in Vietnam.

The parallels between the growing Soviet presence in the South China Sea during the 1980s and today's fears of Chinese expansion are noteworthy.

“The presence of substantial Soviet military capabilities in the region underscore the necessity of a U.S. countervailing force as a deterrent to misadventure . The most immediate responsibility of U.S. forces in Southeast Asia is to deter Soviet initiatives in the region. The evolving capabilities of the Soviet Union in East Asia, including the ability to project air, surface, and submarine forces increasingly farther from continental . . .bases, have significantly increased the peace- and wartime responsibilities of the U.S. and Allied forces throughout the West Pacific.”²

Philippine President Joseph Estrada and Defense Minister Orlando Mercado, once adamant about removing U.S. forces from the Philippines in 1991,³ reversed their stance following China's occupation of Mischief Reef in 1995. “In his inaugural speech, Estrada argued that while in 1991 he was fighting for ‘Philippine sovereignty,’ now he was standing up for ‘Philippine security.’”⁴ Both strongly supported the initiative to reinstate formal military ties with the U.S through a Visiting Forces Agreement (VFA), encouraging the presence of American forces in the region as a counterweight to Chinese expansion. Compare the verbiage from the 1980s above to the Filipino “Primer on the VFA,” explaining the necessity of U.S. presence: “One practical benefit to the Philippines of its defense and security alliance with the United States is the measure of deterrence this relationship provides against would-be aggressors thus guaranteeing the stability of the country.”⁵ There can be little doubt that “would-be aggressors” refers to the People's Republic of China.

The VFA is Manila's very clear invitation to the U.S. and its “stabilizing influence through presence” in Southeast Asia following six years of decreasing U.S. activity in the Philippines and correspondingly increasing Chinese pressure. After the base closures in 1992, U.S. presence in

the Philippines was restricted to low-level exercises (Balikatan and others) that continued to dwindle in size and scope until 1996, when they were “limited to small-scale programs involving no more than 20 US military personnel at a time. The last visit by a U.S. Navy ship was [also] in 1996.”⁶ Without a Status of Forces Agreement (SOFA), continued deployment of U.S. forces to the Philippines became increasingly perilous, especially in the face of moderate and left-wing opposition to their presence in country.⁷ Without an agreement, U.S. personnel accused of crimes would be subject to local jurisdiction and punishment.

The Philippine Senate’s rectification of the VFA on 27 May 1999, and the increasing U.S. presence in the region that it portends, represents Manila’s message to China that further encroachment on Filipino claims in the South China Sea will no longer be tolerated. Debating the validity of these claims is beyond the scope of this paper; however, Mischief Reef and other features claimed by both Manila and Beijing fall well within the Philippines’ 200nm Exclusive Economic Zone. Even if China’s historical claim to “discovery and usage” holds up, the Philippines cannot accept the threat to its security posed by Chinese ships and troops operating so close to its shores (in 1995, the Philippine Navy discovered and removed Chinese territorial markers on Half Moon Shoal, less than 70 miles from the Philippine island of Palawan⁸). Philippine President Estrada, emboldened by the planned resumption of U.S. exercises after the VFA was ratified, announced “that he would seek military assistance from the United States if China does not stop its incursions into Mischief Reef and should the Chinese-built structures there turn out to be for military purposes.”⁹

With the public antipathy toward increased U.S. presence in Southeast Asia and claims of U.S. “hegemony” in the region, why don’t ASEAN members also victims Chinese expansion (Vietnam and Malaysia) join together to oppose another potential “hegemon”? While the U.S.

has important interests in maintaining freedom of navigation in the South China Sea, regional powers also stand to lose access to potentially large oil reserves, ocean resources and contested territory. Why doesn't the Philippines receive support from the regional security organization, the ASEAN Regional Forum (ARF), in their common goal of resisting this "creeping invasion"?

Notes

¹ Gregor, 118

² Ibid, 109-110

³ "US Wants Closer Ties Not Bases: Cohen", 3 Aug 98, n.p., on-line, Internet, 22 Oct 99, available from <http://www.gsilink.com/~go2net/pro2.htm>.

⁴ "Manila looks to USA for help over Spratlys."

⁵ VFA Primer, "The National Interest and the R.P.-U.S. Defense Relationship."

⁶ "US Wants Closer Ties Not Bases: Cohen."

⁷ Professor Roland Simbulan, "Why the Senate Should Reject the VFA (a briefing paper submitted to the Philippine Senate on the Visiting Forces Agreement)," 11 Feb 99, n.p., on-line, Internet, 20 Oct 99, available from <http://www.boondocksnet.com/sctexts/simbulan99a.html>.

⁸ B. Raman, "Chinese Territorial Assertions: The Case of the Mischief Reef," 14 Jan 99, n.p., on-line, Internet, 4 Jan 00, available from http://www.subcontinent.com/sapra/world/w_1999_01_21.html.

⁹ "China after Oil in Spratlys—Erap", 1 Nov 98, n.p., on-line, Internet, 20 Oct 99, available from <http://www.newsflash.org/199811/hl/hl001089.htm>.

Part 5

ASEAN's Role in Regional Security

Ideally, the problem of conflicting territorial claims could be quickly solved if all 10 members of ASEAN banded together to oppose further Chinese expansion in their front yard. This would have two very positive effects. First, this would tell China it would have to work with ASEAN collectively in the search for solutions to conflicting territorial claims and access to resources (China has proven reluctant to negotiate multilaterally, preferring to overpower individual states in bilateral talks). Second, it would preclude the need for a large-scale U.S. military presence in the region. The current U.S. policy of “passive neutrality” on the Spratly issue reflects this. Although very interested in maintaining unrestricted access to the region as well as supporting mutual defense agreements with regional allies, the U.S. is otherwise occupied in other parts of the world, and is also keenly aware of the regional sensitivity to superpower intervention. For the last four years, the policy on the Spratly Islands conflicts has been to monitor the situation but to allow ASEAN and individual nations to handle it—hence the frustration in Secretary Albright’s words to ASEAN in July 1999. Through it all, ASEAN and its security organization, the ASEAN Regional Forum, has done little but talk about the matter. ASEAN has gained the reputation as a “Talk Shop”:

Even in ASEAN’s own front yard, the ARF has done nothing to improve security. Fuelled by a drive for power and resources, China’s extensive territorial claims in the South China Sea are turned on and off at will. They represent the greatest challenge to strategic stability in Southeast Asia. Four years after the ARF was

formed, what is most striking is ASEAN's deepening disarray, and China's unremitting strategic pressure in the South China Sea. Consensual and procedural approaches along the lines of the "ASEAN model" simply cannot work if one party will not play.¹

One of ASEAN's fundamental tenets is "non-interference in another country's domestic affairs." This was particularly apparent recently during the violence following East Timor's bid for independence from Indonesia. World opinion cried out for someone to intervene and stop the carnage, but ASEAN, the best candidate for the task, balked.² All recognize the shortfall; in a recent poll of Asian executives, 80.5% said ASEAN needs to play a larger security role.³ Ideally, all ten member nations would recognize the benefit of acting as a regional power bloc instead of as individuals; however, the ideological and political differences between members can be insurmountable. "Intramural difficulties between ASEAN member-states will result in ASEAN becoming less of a united actor within the ASEAN Regional Forum. This will present opportunities for external states, such as China, to play on and exploit these differences."⁴

And it's no wonder; ASEAN has always fought centrifugal forces, beginning as an effort to forge some sort of unity from the multiple conflicting interests among Southeast Asian nations. During the Cold War, it was able to downplay internal differences among its original five members to present a common front opposing Vietnamese activity in Cambodia, suppressing individual interests while keeping the interests of the whole in mind.⁵ Now, with 10 members as varied in political and strategic outlook as Myanmar and Thailand, ASEAN's utility stems mainly from its ability to provide a forum for intramural economic cooperation. A glaring example of ASEAN's disunity is the conflicting Spratly Islands territorial claims of Vietnam, Malaysia, Brunei and the Philippines; ASEAN has proven that it's as prone to hostilities among itself as it is with China. In response to Philippine support of deposed Malaysian Deputy Premier Anwar Ibrahim, Malaysia built structures on Investigator Shoal in June 1999 and again

on Erica Reef in August.⁶ This lack of unity plays into China's "divide and conquer" approach to ASEAN and seriously undermines ASEAN's ability to act on behalf of its constituent nations.

With this sort of internal disagreement, China has been able to insist on bilateral negotiations, maintaining its position of strength. Even worse, China plays an active role in the ARF, making any sort of united ASEAN stance against Chinese sovereignty claims impossible. "China, once suspicious of all multilateral approaches, can be expected to cling to the ARF because Beijing is growing more confident of its ability to manipulate that forum."⁷ If Vietnam, Malaysia, Brunei and the Philippines are going to oppose Chinese expansion, it won't happen with China as an active member of the ARF. At the November 1999 ASEAN senior officials meeting in Manila, ASEAN members produced a Code of Conduct for the South China Sea agreeable to all, only to have it scuttled by China at the ASEAN Plus Three conference because it stipulated that the Paracels be included in the code.⁸ President Estrada, recognizing the current difficulty of formulating an ASEAN position that opposes China, has proposed another security body that addresses Southeast Asian interests without Chinese membership.⁹

Although ASEAN has not been able to generate any real progress in settling the dispute or even slowing China's expansion in the area, ASEAN supporters put high hope in the many conferences and agreements that have come out of five years of ARF meetings. China has proved willing to participate in (and periodically violate) these agreements as necessary to suit its interests, using the time consumed in negotiations to buy time for consolidating its claims. Chinese Foreign Ministry spokesman Zhu Bangzhao, at the November 1999 ASEAN summit, demonstrated China's lack of urgency: "We believe that this document (South China Seas Code of Conduct) should be formulated in a gradual manner and in all seriousness and prudence. There should be no haste in the formulation of such a document."¹⁰

While China bides its time and consolidates its gains, U.S. policy is predicated on ASEAN taking the lead in regional security. The 1999 National Security Strategy places great hope in “the emergence of a strong, cohesive ASEAN capable of enhancing regional security and prosperity.” Yet, little in the way of confidence building has come out of the many ASEAN-sponsored meetings and fora. It is true that simply having a mechanism to allow the airing of disputes is better than closing off communication avenues; however, in the case of the South China Sea disputes, China is clearly stalling, eroding confidence in its good intentions in the process. In Valencia’s words, “The failure to move rapidly towards a multilateral solution raises questions about the future of the informal process...has the multilateral process become just a diversion, a ‘talking club,’ holding out the false promise of cooperation while some of the claimants consolidate and strengthen their bargaining or military positions?”¹¹ ASEAN’s inability to make any progress toward resolution of the South China Sea disputes has in fact eroded confidence in its efficacy. Individual ASEAN nations are then likely to opt for the second security option—bilateral security assurances as a balance of power.

Notes

¹ Lim, 116. According to Valencia, “The failure to move rapidly towards a multilateral solution raises questions about the future of the informal process. Most notably—and pessimistically—has the multilateral process become just a diversion, a ‘talking club’, holding out the false promise of cooperation while some of the claimants consolidate and strengthen their bargaining or military positions?” Valencia, 53.

² Michael Vatikiotis, Ben Dolven, and Shawn W. Crispin, “ASEAN: Missing in Action,” *Far Eastern Economic Review* (30 Sep 99): 22 .

³ “Polled Asian Executives Say ASEAN Should Play a Larger Security Role,” *Far Eastern Economic Review*, 18 Aug 99, n.p., on-line, Internet, 26 Aug 99, available from http://www.feer.com/breaking_news/990818a.html.

⁴ Thayer, “ASEAN disunity,” 12.

⁵ Lim, 119.

⁶ “Philippines protests Malaysian occupation of disputed Spratly reef,” *Foreign Affairs News*, 20 Aug 99, n.p., on-line, Internet, 13 Jan 00, available from <http://freerepublic.com/forum/a37bfa68c5315.htm>.

⁷ Lim, 117.

Notes

⁸ Thayer, "China Consolidates."

⁹ "Philippines calls for East Asia security grouping," *Muzi Daily News*, 21 Oct 99, n.p., on-line, Internet, 22 Oct 99, available from <http://dailynews.muzi.com/cgi/lateline/news.cgi?p=46729>, also M. W. Heron, "A Sub-Regional Security System for Southeast Asia," *Australian Defense Force Journal* no.135 (Mar/Apr 99): 21.

¹⁰ "China Offers to Help Draft Spratly Conduct Code," *ASIANOW On-line*, 24 Nov 99, n.p., on-line, Internet, 4 Jan 00, available at <http://cnn.com/ASIANOW/east/9911/23/china.spratly.reut/intex.html>.

¹¹ Valencia, 53.

Part 6

U.S. Interests in the South China Sea

Conflict in the South China Sea shows little potential for rapid resolution because there are so many actors with many varied interests. But the motivation for the U.S. to become more actively involved grows as threats to American interests evolve and as the frequency of conflict increases. Certainly the Philippines' desire for a more active U.S. presence in Southeast Asia (demonstrated by passage of the VFA) was a hint that all was not well. Similar arrangements with Thailand, Singapore, Malaysia and Indonesia¹ have allowed U.S. forces to conduct training exercises with their hosts and maintain presence in the region. These bilateral military exercises are useful to the U.S. to "show the flag," but more active diplomacy is required as well, for a number of reasons.

China is not the only potential instigator of hostilities. With so many conflicting claims, it is not unthinkable that open conflict between ASEAN members could erupt. In the fall of 1999, "Vietnamese gunners at a facility on Tennent Reef fired on Philippine reconnaissance planes, and Filipino and Malaysian planes engaged in a stand-off over Investigator Shoal."² Not only would active hostilities between ASEAN members in the South China Sea weaken ASEAN's ability to resist external forces, it would imperil sea lanes required by the U.S. and allies dependent on shipping just as much as if China was involved. A related dilemma would be resolving the conflict: which side would the U.S. support? If the conflict between the

Philippines and another ASEAN claimant were to escalate beyond small skirmishes and the “armed forces of the Philippines” (as specified in the Mutual Defense Treaty) were to fall under attack, would the Philippines exercise the Mutual Defense Treaty? The U.S. would risk much by backing one ASEAN member against another. It also stands to lose if it fails to live up to its treaty obligations. Without a coherent, long-term strategic policy in the South China Sea, the U.S. faces a future of continued strife in the region until a more powerful regional power with clearer objectives asserts itself. Says Sheldon Simon, “The absence of clear threats and territorial boundaries to defend creates a certain amorphousness in American policy.”³

U.S. policy needs to become more consistently active in its approach to territorial disputes in the South China Sea. It cannot get snarled in the multiple claims and counter-claims, but needs ensure regional stability and encourage claimants to solve their differences peacefully. How then can the US maintain its policy of “engagement” with China, instead of “containment”, when China pursues a strategy of “creeping invasion” against the Philippines, an American ally? Engagement with China is in the best interest of all over the long term, but the U.S. has security commitments in the short term that run counter to friendly relations with China. When “Mischief Reef III” happens, will the U.S. renege on its commitment to the Philippines, or will it set relations with China back indefinitely by coming to Manila’s aid? One observer recommends a policy of “constrainment,” “Of course, one must engage a middle power [China], but one should not be shy about constraining its unwanted actions.”⁴

The Philippines has repeatedly referred to its recently improved relations with the U.S. when discussing how it will handle future territorial disputes with China. In past episodes at Mischief Reef, the navies of both sides have opted to avoid direct conflict. In the first episode, a Philippine Navy ship sent out to confirm Chinese activity and intentions was intercepted by the

PLAN and denied access to the reef. The next time this happens, will the Philippines go through with its vow to “call Uncle Sam,”⁵ or worse, take matters into its own hands knowing it can count on U.S. support? Allowing a Philippine Navy ship to be attacked would do much to bring the U.S. into the fray on the side of Manila.

In May 1999, just before the Philippine Senate was to vote on the Visiting Forces Agreement, the Philippine Navy was involved in the sinking of a Chinese fishing boat near contested Scarborough Shoal. The same happened again in August 1999. Before the VFA vote, a Philippine Navy supply vessel ran aground near Second Thomas Shoal, a small outcropping near Manila that China claims and the Philippines has, to date, ignored. Then, weeks before the November 1999 ASEAN summit, a Philippine Navy ship ran aground on Scarborough Shoal, in the same general area as Second Thomas Shoal.⁶ The timing of these provocative events is hard to ignore. They are the Philippine government’s clear political signals to China, in much the same way harassing Chinese fishermen near contested islands sends a message to Beijing. The inadequacy of the current “wait and see” policy in the South China Sea is obvious as it leaves the U.S. open to unwanted involvement due to accidents or miscalculations by the claimants.⁷ It also sends a dangerous message to Beijing that the U.S. is content to remain passive in the region.

Evaluated over time, China’s pattern of expanding interest in the South China Sea becomes clearer. Observing this pattern five years ago, Richard D. Fisher, Jr., testifying before Congress noted that

Despite Chinese Foreign Minister Qian Qichen’s statements at the July [1995] ASEAN Ministerial that China would consider multilateral negotiations to settle disputes over claims to the disputed territories of the South China Sea, the balance of China’s actions in the region suggest the opposite. This move [1995 Mischief Reef], however, could be viewed as consistent with Chinese actions starting with the occupation of the Paracel Islands in 1975 [sic], the dislodging of Vietnamese troops—killing about 70—in islands in the Spratly group in 1988, building an airbase in the Paracels, codifying in a 1992 law its claims in the South China Sea,

and granting in 1993 of an oil exploration concession in the Spratly group to an American company.⁸

Comparing the China's soothing promises and agreements to its actions in the South China Sea, there is a clear disconnect between Chinese words and deeds. U.S. policy in this area needs to consider Chinese actions over the last 10 years, and discount the rhetoric.

The question, then, is not "if" China will continue to consolidate its consistent claim to the majority of the islands and the natural resources in the South China Sea, it is a simple matter of "when" and "where next". It will most likely take place when world attention is diverted elsewhere, as it was in during the Asian financial crisis in 1998 when it reinforced its position on Mischief Reef. Few took note of this outside of the Philippines, yet it had important implications. It violated a "code of conduct" agreement with the Philippines that stipulated neither side would build further without the consent of the other.⁹ It also showed U.S. acquiescence to the increasing Chinese presence in the area. The U.S. response was limited, characterized by more rhetoric and a visit to the Philippines by Congressman Dana Rohrabacher on a fact-finding mission. His strongly-worded report advocated robust military assistance to Manila to offset Chinese strength, and pressure on China to "remove their facilities on Mischief Reef and respect the Philippines' EEZ. Silence by the Clinton Administration is, in effect, complicit support of Chinese military aggression against our democratic ally and treaty partner."¹⁰ The Congressman has identified a shortcoming in policy, but there are no short-term solutions to the problem.

Notes

¹ The U.S. military has participated in bilateral military exercises with each: Thailand (Cobra Gold), Singapore (Commando Sling), Malaysia (Cope Taufan), and Indonesia (Cope West 97).

² Rigoberto Tiglao, "ASEAN: A Storm at Sea," *Far Eastern Economic Review* 162, no. 49 (9 Dec 99): 25.

Notes

³ Sheldon W. Simon, “Is There a U.S. Strategy for East Asia?” *Contemporary Southeast Asia* 21, no. 3 (December 1999): 340.

⁴ Gerald Segal, “Does China Matter?” *Foreign Affairs* 78, no. 5 (Sep/Oct 1999): 35 .

⁵“China After Oil in Spratlys—Erap”

⁶ Compiled from Tiglao, 24, “China Ready for Talks on South China Sea Claims”, and “Manila looks to U.S. for help over Spratlys.”

⁷ Ralph Cossa’s paper “Security Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict” identifies nine events that could spark hostilities in the region; these are: Exploration or Exploitation Activity, Creeping Occupation, Armed Displacement, Armed Enforcement, Accident or Miscalculations, Other Acts of Provocation, External/Broader Regional Tensions, Threats to the SLOCs, and Asian Financial Crisis.

⁸ Richard D. Fisher Jr, “China’s People’s Liberation Army: Challenges for American Policy in Asia,” Testimony to the Committee on Foreign Relations, Subcommittee on East Asian and Pacific Affairs, U.S. Senate, 11 Oct 95, n.p., on-line, Internet, 9 Nov 99, available from <http://www.gwjapan.com/ftp/pub/policy/congress/senate/ap101195.txt>.

⁹ Valencia, 47.

¹⁰ House of Representatives, “Report: Codel Rohrabacher Fact Finding Mission to Kuwait, Taiwan and the Philippines, November 30-December 11, 1998,” 15 Dec 98, n.p., on-line, Internet, 4 Jan 00, available from <http://www.afpc.org/issues/codelrohr.htm>.

Part 7

Conclusion

America's current policy of passive neutrality in the South China Sea territorial disputes permits instability and continued conflict between ASEAN and China, and within ASEAN itself. Overt U.S. political or military intervention in the region would effectively alienate both ASEAN and China. However, there are long-term solutions that would protect important U.S. and allied interests in the region. Effective U.S. engagement in Southeast Asia must begin with a more active neutrality—American strategy in Southeast Asia, especially in the South China Sea territorial disputes, needs to be non-threatening, consistent, and must include active engagement.

Washington ought not act precipitously, as suggested by Congressman Rohrabacher's, and others', hawkish words.¹ Southeast Asia does not need an arms race and the U.S. need not intimidate China on its southern flank. However, the U.S. does need to demonstrate a more active interest in the region and strongly encourage ASEAN and its members to reach a solution quickly, before China presents a solution of its own. Time works to China's advantage as it continues to improve its ability to project force beyond its borders, demonstrating its newly developed air-refueling capability during its 50th Anniversary celebration in August 1999, clearly with the South China Sea in mind.²

The greatest hope for a long-term solution for the "Spratly Six" rests on ASEAN finding a common voice to enforce the status quo and resist further Chinese expansion. The first step

toward stabilizing the situation is to encourage all to defer the decision on territorial sovereignty, freeze further claims and occupation, and work toward cooperation, “confidence building” and joint development. China has agreed to all of these in the past; however, it will not give away what it considers sovereign territory without significant inducement. Ideally, ASEAN will put aside intramural differences and present a united stance on the territorial debate.³ China maintains its willingness to negotiate a multilateral settlement, but has not been forced to, since disparate interests in ASEAN have consistently scuttled practical solutions. China capitalizes on this and is allowed to “divide and conquer”, negotiating bilaterally, using its relative strength to co-opt weaker countries looking for leverage against other ASEAN members. Deferring the dispute over sovereignty would allow claimants to move forward on programs designed to dampen potential conflict and foster cooperation.

However, attempting to force an agreement on China by “a common stance by Vietnam and ASEAN, tacitly supported by the United States. . . , could confirm China’s fear of being surrounded by hostile nations and spur it to violent action.”⁴ Even if this did not result in direct conflict, an equally negative scenario would be a large scale arms buildup in the region, with the U.S. rebuilding the Philippine military, the solution Congressman Rohrabacher and others suggest. China has already demonstrated the intent to improve its ability to project force far from its shores, and it has the advantage of close proximity to the region (unlike the U.S.). An arms race in the South China Sea would result in more military activity with increased potential for escalation due to accidents or miscalculations.

Hope for ASEAN solidarity continues to fade—with Indonesia’s current domestic troubles, there is no strong leadership to rally around as there was in the past. The most recent U.S. policy statement on maintaining regional security seeks to “encourage the emergence of a strong,

cohesive ASEAN capable of enhancing regional security and prosperity.”⁵ However, the U.S. cannot allow its important interests to ride on the hope that ASEAN will rise to its security potential through the ARF, protecting U.S. interests in the process. Another option, then, would be to become more actively involved in bilateral talks to encourage China, Taiwan, the Philippines, Malaysia, Vietnam and Brunei to agree to a joint development plan that includes a code of conduct that would enforce the status quo. Unfortunately this, too, holds no great promise of success since China is adamant about not “internationalizing” the dispute and bristles at the mention of external (U.S.) mediation.

There are three proposals, then, that offer the greatest potential for protecting U.S. interests and maintaining peace in the region until the eventual resolution of the territorial disputes. The U.S. should continue demonstrating its interest in the region through presence (bilateral and multilateral exercises); it should increase military exchanges with China to encourage transparency; and it should encourage and facilitate monitoring of the status quo by non-governmental means. There are no quick solutions to the problem, and no solution will work if it is not accompanied by a long-term active commitment to regional stability, which the U.S. has so far been unable to generate. As Dr. Thayer has suggested, “China’s diplomatic initiatives stand in contrast with the lack of strategic vision in U.S. policy toward Southeast Asia.”⁶

Expanded bilateral military exercises have three potential benefits for regional security. First, they demonstrate U.S. interest in the region through active presence, letting all know that the U.S. is paying attention. Second, they help ASEAN participants develop their military capability to resist threats to their individual security, as well as helping to deter potentially destabilizing activities by individual ASEAN nations. Third, U.S. presence discourages intramural territorial strife that could lead to conflict and would weaken ASEAN’s ability to

resist Chinese diplomatic and territorial initiatives. Opposition to increased U.S. presence in the region by both China and some members of ASEAN is balanced by the desire for continued peaceful development. “A continued U.S. military presence puts the ‘active’ in any policy of active neutrality in the South China Sea.”⁷

Bilateral and multilateral military exercises project a visible U.S. presence in the region and improve ASEAN members’ ability to provide for their own security, which contributes to regional stability. It is no coincidence that China chose Filipino waters to test the reaction to its occupation of disputed territory. With years of internal economic and political turmoil, the Philippines was (and is) the least able to resist, with a World War II-vintage Navy and an Air Force that consists five airworthy Vietnam-era F-5 fighters.⁸ With decreasing U.S. interest in continued exercises following the 1992 base closures, China took a very safe gamble when it first occupied Mischief Reef. When China followed up by reinforcing its position in 1998, the Filipino military was still too weak to deter the Chinese move and Manila could not generate any support from its ASEAN neighbors. Weakness breeds aggression. On the other hand, demonstrated U.S. commitment through exercises restrains regional nations (not just China) from adventurism.

Another approach to defusing the problem is increased emphasis on the military-to-military exchanges that have survived in spite of political tensions. U.S. Defense Secretary Cohen’s visit to China, as well as port visits to Hong Kong by U.S. Navy ships help foster transparency and encourage understanding.⁹ Military exchanges include allowing observers to attend military exercises, which also provides transparency and can negate inflammatory media (such as a recent story about the Chinese military preparing to go to war with the U.S. because its exercises postulate an adversary with capabilities similar to those of the U.S.).¹⁰ Military exchanges serve

to mitigate the fears wrought by ignorance; they foster trust; and they keep the dialogue open even when political channels close. As Chinese and American interests in the South China Sea grow and further conflict, the importance of military exchanges will increase.

Finally, a less sensitive and longer term solution is to promote greater regional transparency by closely monitoring the status quo and identifying those who would upset it. “Security analysts. . .are worried about the continued inability of many claimants to even monitor activity in disputed areas, which also brings with it fears that those states more capable may take advantage of any potential widening gap in defense capabilities.”¹¹ China is very sensitive to adverse world opinion, as it can threaten the legitimacy of the government. In the 1995 Mischief Reef I episode, “the dispute over the reef cooled when, in the face of a stinging international outcry and ASEAN solidarity, China backed off.”¹² The Philippines had great success in restraining Chinese expansion when it internationalized the Mischief Reef I episode through the media. The *People’s Daily* and other PRC on-line media work hard to boost China’s international image. Although China is not alone in seeking favorable press, its leadership “has urged officials of China’s publicity operations to work harder to promote the image of the country in the international community,”¹³ to offset negative images that threaten legitimacy. As Internet technology permits greater access to the outside by Chinese citizens, this trend will continue.¹⁴ While potential conflict between the PRC and Taiwan receives the bulk of the media attention in the region, continued Chinese expansion in contested waters is newsworthy as well, especially as Chinese irredentist activity in the South China Sea relates to Taiwan. Vietnam and the Philippines could stabilize the “leaking status quo” themselves by bringing the issue more clearly into focus through non-governmental, non-threatening means.

Commercial satellite coverage of the South China Sea offers a responsive and relatively inexpensive solution to the problem of monitoring activity in contested waters. Where satellite monitoring was once the exclusive domain of the superpowers, increasing access to commercial satellite monitoring means ASEAN members can monitor the status quo without threatening China with “external involvement.” As a first step to transparency and confidence building, individual nations, or ASEAN itself, have the ability to hire commercial satellite coverage of disputed areas, helping to minimize the potential for “accidents and miscalculations” that could escalate into open conflict.

“The creation of a system that draws on emerging commercially available, high-resolution remote sensing systems could help build confidence by enhancing military transparency in the area through non-obtrusive means. Such a system could help dampen down conflict potential by limiting the claimants’ ability to continue their island takeovers and associated manoeuvres. If used effectively, it could potentially forestall future crises in the vital maritime passages of the South China Sea.”¹⁵

While this approach would appear to be aimed at China, it would also help stabilize intra-ASEAN South China Sea territorial disputes. It would allow claimants to identify encroachment quickly, without using military assets—reconnaissance overflights in the area have proven provocative¹⁶—and bring these violations to light before construction of outposts is complete. Discovering construction on contested features after completion makes negotiating its removal that much more difficult. Satellite monitoring is non-threatening and provides unlimited access.

Once the situation is stabilized, continued engagement will still be required. The longer it takes to get China to negotiate, the more difficult concessions will be. Those who discount China’s power in the region do so looking at China today, not tomorrow. “The ASEAN leaders, including those of Vietnam, are convinced that China needs a peaceful international environment at this stage of its economic development. They are more concerned with China beyond the year 2020 when its economic strength and military capabilities are likely to have attained a significant

level.”¹⁷ While China today is still developing a true force projection capability, all indicators point to it becoming the lone regional power in the near future, replacing the U.S.¹⁸ Despite words of peace, China’s ultimate goal, any nation’s goal, is to become sufficiently strong to protect its interests. Where American and Chinese interests conflict, the U.S. needs to be prepared to deal with China as a regional equal in the future. The key to successfully protecting future interests lies in how the U.S. handles challenges of today.

Notes

¹ In Gerald Segal’s article “Does China Matter?” the author proposes to “sell the Philippines a couple of cruise missiles and the much-discussed Chinese threat will be easily erased.” Segal, 29.

² “Intelligence,” *Far Eastern Economic Review* (21 Oct 99): 8.

³ ASEAN finally reached consensus in November 1999 by approving a draft code of conduct; however, Vietnam’s insistence on including the Paracels guaranteed China would not approve. Thayer, “China Consolidates.”

⁴ Valencia, 57.

⁵ White House, *A National Security Strategy for a New Century: November 1999*, 37.

⁶ Thayer “China Consolidates.”

⁷ Cossa, 14.

⁸ Storey, “Manila looks to USA for help over Spratlys.”

⁹ United States Department of Defense, “East Asia Strategy Report: 1998,” n.p., on-line, Internet, 20 Oct 99, available from <http://www.defenselink.mil/pubs/easr98/>, under heading “Southeast Asia and Australia.”

¹⁰ Bill Gertz, “Pentagon Study Finds China Preparing for War with U.S.” *Washington Times*, 2 Feb 00, n.p., on-line, Internet, available from <http://ebird.dtic.mil/feb2000/e20000101study.htm>.

¹¹ Ralph A. Cossa, “Security Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict,” *CSIS Pacific Forum PacNet Newsletter*, no. 16, April 17, 1998, n.p., on-line, Internet, 15 Mar 00, available from <http://www.csis.org/pacfor/pac1698.html>.

¹² Valencia, “Mischievous at the Reef,” 31.

¹³ “Greater Efforts to Boost China’s Image Urged,” *People’s Daily Online*, 25 Jan 00, n.p., on-line, Internet, 25 Jan 00, available from <http://www.peopledaily.com.cn/english/200001/25/print20000125n130.html>.

¹⁴ In response to adverse media coverage of China’s human rights record, the People’s Daily Online has published a white paper on the history of human rights advances in China; see <http://www.peopledaily.com.cn/english/features/white/human.html>. Adverse media coverage via the Internet also poses a significant threat to Beijing’s legitimacy, both as an uncontrolled conduit for incoming adverse information, and for negative information flowing out; see Lorien Holland and Trish Saywell, “Plugging a Sieve,” *Far Eastern Economic Review* (10 Feb 00): 20-21.

Notes

¹⁵ Baker, 54.

¹⁶ Tiglao, 25.

¹⁷ Joseph Y.S. Cheng, "China's ASEAN Policy in the 1990's: Pushing for Regional Multipolarity," *Contemporary Southeast Asia* 21, no. 2 (August 1999): 200.

¹⁸ "China to get second Russian destroyer: Newspaper", 14 Feb 00, n.p., on-line, Internet, 14 Feb 00, <http://chinadaily.com.cn.net/cover/storydb/20000214/nship.html>. Beijing Youth Daily confirms delivery of first Sovremenny-class destroyer on 11 Feb 00, with second en route.

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